

**NORTHWEST IOWA PLANNING AND  
DEVELOPMENT COMMISSION  
INDEPENDENT AUDITORS' REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS  
JUNE 30, 2008**

# NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION

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**WINTHER, STAVE & Co., LLP**  
*Certified Public Accountants*

1316 West 18th Street  
P.O. Box 175  
Spencer, Iowa 51301-0175  
Phone 712-262-3117  
FAX 712-262-3159

1004 21st Street #4  
P.O. Box 187  
Milford, Iowa 51351  
Phone 712-338-2488  
FAX 712-338-2510

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Northwest Iowa Planning and Development Commission  
Spencer, IA 51301

We have audited the accompanying financial statements of the governmental activities and the major fund of Northwest Iowa Planning and Development Commission, as of and for the year ended June 30, 2008, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Northwest Iowa Planning and Development Commission at June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2009 on our consideration of Northwest Iowa Planning and Development Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Commission has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insight on that information that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Northwest Iowa Planning and Development Commission's basic financial statements. The supplementary information included in Schedule 1, Schedule of Expenditures of Federal Awards, required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wincher, Steve & Co LLP

February 2, 2009

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

## ASSETS:

Cash .....	\$ 511,569
Accounts Receivable:	
Grantor agencies .....	86,333
Other sources .....	53,328
Notes receivable - EDA/RLF - net of \$104,566 allowance for uncollectible accounts .....	90,021
Capital assets - net .....	<u>24,531</u>
 TOTAL ASSETS	 <u>765,782</u>

## LIABILITIES:

Compensated absences .....	<u>25,560</u>
TOTAL LIABILITIES	<u>25,560</u>

## NET ASSETS:

Invested in capital assets - net of related debt .....	24,531
Restricted for:	
EDA/RLF program .....	302,658
Unrestricted .....	<u>413,033</u>

TOTAL NET ASSETS	<u>\$ 740,222</u>
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NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges</u> <u>for Services</u>	<u>Grants</u>	<u>Total</u>
FUNCTIONAL/PROGRAM ACTIVITIES				
Governmental Activities:				
Administration .....	<u>\$1,289,774</u>	<u>\$314,467</u>	<u>\$791,247</u>	<u>\$ (184,060)</u>
General Revenues:				
Local dues .....				56,394
Interest income .....				18,801
Miscellaneous .....				<u>491</u>
Total General Revenues				<u>75,686</u>
CHANGE IN NET ASSETS				(108,374)
NET ASSETS - BEGINNING OF YEAR (AS RESTATED)				<u>848,596</u>
NET ASSETS - END OF YEAR				<u>\$ 740,222</u>

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2008

ASSETS

ASSETS:	
Cash .....	\$ 511,569
Accounts receivable:	
Grantor agencies .....	86,333
Program account .....	104,886
Other sources .....	53,328
Notes receivable - EDA/RLF - net of \$104,566 allowance for uncollectible accounts .....	<u>90,021</u>
 TOTAL ASSETS	 <u>\$ 846,137</u>

LIABILITIES AND FUND BALANCES

LIABILITIES:	
Payable to administration account .....	\$ 104,886
TOTAL LIABILITIES	<u>104,886</u>
FUND BALANCES:	
Reserved for EDA/RLF program .....	302,658
Unreserved .....	<u>438,593</u>
TOTAL FUND BALANCES	<u>741,251</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 846,137</u>

RECONCILIATION OF GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS

Total governmental fund balances (see above) .....	\$ 741,251
Amounts reported as net assets for governmental activities in the statement of net assets are different from above because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund .....	24,531
Compensated absences are not due and payable in the current period and therefore are not reported in the fund .....	<u>(25,560)</u>
 NET ASSETS OF GOVERNMENTAL ACTIVITIES (page 3)	 <u>\$ 740,222</u>

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2008

## REVENUE:

State and federal grants .....	\$ 791,247
Public support and special projects .....	314,467
Local dues .....	56,394
Interest income .....	18,801
Miscellaneous .....	491
TOTAL REVENUE .....	<u>1,181,400</u>

## EXPENDITURES:

Salaries .....	633,701
Contract labor .....	21,068
Employee benefits .....	130,994
Payroll taxes .....	47,766
Insurance .....	11,013
Professional services .....	23,761
Dues and subscriptions .....	5,995
Office expense and postage .....	32,846
Employee training .....	2,557
Miscellaneous .....	28,533
Repairs and maintenance .....	7,262
Advertising .....	11,274
Capital assets purchased .....	5,954
Telephone .....	20,387
Utilities .....	10,595
Rent .....	34,696
Other services .....	4,158
Travel .....	26,308
Auto .....	2,642
Uncollectible accounts .....	102,638
Equipment lease .....	14,699
Participant training .....	85,187
Participant support .....	22,581
TOTAL EXPENDITURES .....	<u>1,286,615</u>

EXCESS OF REVENUE OVER EXPENDITURES (105,215)

FUND BALANCE - BEGINNING 846,466

FUND BALANCE - ENDING \$ 741,251



NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2008

Net change in fund balance - governmental fund (page 6) .....	\$ (105,215)
Depreciation expense is reported in the statement of activities but does not require the use of current financial resources and therefore is not reported as an expenditure in the fund. ....	(10,724)
Capital assets purchased are reported as expenditures in the fund. ....	5,954
Compensated absences are not due and payable in the current period and therefore are not reported in the fund. ....	<u>1,611</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (page 4)	<u>\$ (108,374)</u>

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS

**1. NATURE OF ORGANIZATION**

The Northwest Iowa Planning and Development Commission (Commission) is the regional planning and intergovernmental coordination agency in the Northwest Iowa region organized in 1973 under Chapter 473A and Chapter 28E of the Iowa Code. The Commission is the regional planning and coordination agency for Buena Vista, Clay, Dickinson, Emmet, Lyon, O'Brien, Osceola, Palo Alto, and Sioux counties of Iowa.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

For financial reporting purposes, the Commission has included all funds, organizations, agencies, boards, commissions, and authorities. The Commission has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's general purpose financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

**Basis of Presentation**

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all the activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by intergovernmental revenues and are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the Commission's assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets, if applicable.

*Restricted net assets* result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS - Continued

**2. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Basis of Presentation - Continued**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants or contributions restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program receipts are reported instead as general revenues.

The Commission reports the following major governmental fund:

The General Fund is the general operating fund of the Commission. All general revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid general operating expenditures, fixed charges, and capital improvement costs.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days after year end.

Intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds.

Under terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS - Continued

**2. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Assets, Liabilities, and Fund Equity**

The following accounting policies are followed in preparing the financial statements:

Cash - Cash balances are pooled and invested.

Accounts Receivable - The Agency utilizes the allowance method for accounting for uncollectible accounts. At June 30, 2008, the allowance for doubtful accounts totaled \$104,566. No finance charges are added to unpaid balances.

Capital Assets - Capital assets, which include property, equipment, and vehicles, are reported in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend lives are not capitalized.

Compensated Absences - Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment under applicable circumstances.

Unused accumulated vacation hours are payable to employees upon termination, retirement, or death. A liability is recorded in the government-wide financial statements when incurred. The liability for accumulated unused hours at June 30, 2008 totaled \$25,560.

Unused sick leave hours are only paid upon retirement. Therefore, a liability is recorded in the government-wide financial statements only when it relates to subsequent retirement payments made. Accumulated unused sick leave at June 30, 2008 totaled \$53,261 and has not been recorded since the amount which may be required to be paid upon an employee's subsequent retirement cannot be determined.

The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are not reported as Required Supplementary Information. As there is no legal requirement to adopt a budget, this comparison and disclosure are not required.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS - Continued

**3. CASH**

The Commission's deposits at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers' acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts and warrants or improvement certificates of a drainage district.

Interest rate risk. The Commission's investment policy limits the investment of operating funds (funds expected to be expended in the current year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 365 days, but the maturities shall be consistent with the needs and use of the Commission.

There were no investments at June 30, 2008.

**4. CAPITAL ASSETS**

**Capital Assets**

Accounting records for years prior to June 30, 2006 were not adequate to document whether balances were maintained in accordance with generally accepted accounting principles. However, on July 1, 2007, the Commission corrected the beginning balances of capital assets and accumulated depreciation (See Note 10). A summary of changes in property and equipment comprising capital assets for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Additions	Balance End of Year
Capital assets being depreciated:			
Furniture and fixtures .....	\$ 86,226	\$ 5,954	\$ 92,180
Accumulated depreciation .....	<u>(56,925)</u>	<u>(10,724)</u>	<u>(67,649)</u>
Capital assets - net	<u>\$ 29,301</u>	<u>\$ (4,770)</u>	<u>\$ 24,531</u>

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS - Continued

**5. RESTRICTED NET ASSETS - NOTES RECEIVABLE**

The Commission administers a revolving loan fund, known as EDA-RLF, that makes loans to businesses. Loans are subject to guidelines provided by the federal granting agency and must stimulate the local economy and encourage job creation. The initial funds were provided through a grant from the U.S. Department of Commerce, Economic Development Administration, supplemented by a local match from various regional sources. At June 30, 2008, the fund has a portfolio of loans totaling \$194,587, net of a \$104,566 allowance for uncollectible accounts, resulting in a carrying value of \$90,021, and a cash balance of \$212,637. The total loans and cash balance maintained by this fund are restricted for making additional loans in the future.

Interest received on loans advanced under the EDA Revolving Loan Fund program can be up to five percentage points under the current prime rate, but in no case less than a base of four percent.

**6. OPERATING LEASE**

The Commission leases office space from Clay County. A lease contract which called for monthly payments of \$2,673 expired June 30, 2008. The Commission also leases an office in Sheldon, Iowa from Northwest Iowa Community College. A lease contract which called for monthly payments of \$200 expired in July 2007. Both leases continued after contract expiration on a month-to-month basis. Total lease payments for the year ended June 30, 2008 were \$34,476.

**7. PENSION AND RETIREMENT BENEFITS**

The Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the Commission is required to contribute 6.05% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$38,539, \$34,322, and \$32,385, respectively, equal to the required contributions for each year.

**8. RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENTS - Continued

**9. ECONOMY DEPENDENCY**

The Commission received approximately 67% of its funds for the year ended June 30, 2008 from federal and state grants.

**10. PRIOR PERIOD ADJUSTMENT**

During the year ended June 30, 2008, the Commission corrected an error in the prior period financial statements related to the historical cost of capital assets and the corresponding accumulated depreciation. Adjustments related to correcting this error decreased capital assets by \$477,537, decreased accumulated depreciation by \$371,981, and decreased net assets at June 30, 2007 by \$105,556.

## **SUPPLEMENTARY INFORMATION**



NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2008

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant or Award Number</u>	<u>Program Expenditures</u>
DIRECT:			
Economic Development Administration:			
Economic Development Support for Planning Organizations	11.302	05-83-04394	\$ 42,646
Economic Development Support for Planning Organizations	11.302	05-83-04394	7,337
Total CFDA #11.302			<u>49,983</u>
Economic Adjustment Assistance	11.307	05-39-02917	<u>411,070</u>
TOTAL DIRECT			<u>461,053</u>
INDIRECT:			
U.S. Department of Labor:			
Iowa Workforce Development:			
Workforce Investment Act:			
WIA Adult Program	17.258	8WO3FRO	<u>134,660</u>
WIA Youth Activities	17.259	8WO3FRO	<u>116,367</u>
WIA Dislocated Workers	17.260	8WO3FRO	<u>130,012</u>
Disability Program Navigator	17.266	8WO3FRO	<u>4,894</u>
Disabled Veterans' Outreach Program (DVOP)	17.801	8WO3FRO	<u>400</u>
U.S. Department of Health and Human Services:			
Iowa Workforce Development:			
Job Opportunities and Basic Skills Training:			
Temporary Assistance for Needy Families:			
Promise Jobs	93.558	8WO3FRO	153,544
Promise Jobs - 2-Parent	93.558	8WO3FRO	50,869
IWD Promise Jobs	93.558	8WO3FRO	7,881
IWD Promise Jobs Lifeskills	93.558	8WO3FRO	<u>826</u>
Total CFDA #93.558			<u>213,120</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
State Planning and Research	20.515	08-RPA-03	<u>78,820</u>
TOTAL INDIRECT			<u>678,273</u>
TOTAL			<u>\$1,139,326</u>

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Commission and is presented in conformity with the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**WINTHER, STAVE & Co., LLP**  
*Certified Public Accountants*

1316 West 18th Street  
P.O. Box 175  
Spencer, Iowa 51301-0175  
Phone 712-262-3117  
FAX 712-262-3159

1004 21st Street #4  
P.O. Box 187  
Milford, Iowa 51351  
Phone 712-338-2488  
FAX 712-338-2510

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of the  
Northwest Iowa Planning and Development Commission  
Spencer, IA 51301

We have audited the financial statements of the governmental activities and the major fund of the Commission as of and for the year ended June 30, 2008, which collectively comprise the Commission's basic financial statements listed in the table of contents, and have issued our report thereon dated February 2, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Commission's financial statements that is more than inconsequential will

not be prevented or detected by the Commission's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The Commission's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the Commission's responses, we did not audit the Commission's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and constituents of the Commission and other parties to whom the Commission may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in black ink, appearing to read "Wintner, Steve", followed by the letters "G L L" in a stylized, possibly abbreviated, form.

February 2, 2009

**WINTHER, STAVE & Co., LLP**  
*Certified Public Accountants*

1316 West 18th Street  
P.O. Box 175  
Spencer, Iowa 51301-0175  
Phone 712-262-3117  
FAX 712-262-3159

1004 21st Street #4  
P.O. Box 187  
Milford, Iowa 51351  
Phone 712-338-2488  
FAX 712-338-2510

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

To the Board of Directors of the  
Northwest Iowa Planning and Development Commission  
Spencer, IA 51301

**Compliance**

We have audited the compliance of the Commission with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2008. The Commission's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

## Internal Control Over Compliance

The Commission's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Commission's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the Commission's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirements of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Commission's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Commission's internal control. The significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 is considered to be a material weakness.

The Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the Commission's responses, we did not audit the Commission's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and constituents of the Commission and other parties to whom the Commission may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



February 2, 2009

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

**Part I: Summary of the Independent Auditors' Results**

- (a) A qualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were CFDA number 11.307 Economic Adjustment Assistance, CFDA number 17.258 WIA Adult, and CFDA number 17.260 WIA Dislocated Workers.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The Commission did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements**

**Significant Deficiencies:**

II-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Responsibility for the custody, record-keeping, and reconciling functions of revenues and expenses should be assigned to different employees. We noted one individual performs incompatible duties due to the Commission's limited staff size.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the Commission should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives to segregate duties where possible and will establish review procedures where complete segregation is not feasible.

Conclusion - Response accepted.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2008

**Part II: Findings Related to the Financial Statements** - Continued

**Instances of Noncompliance:**

No matters were reported.

**Part III: Findings and Questioned Costs for Federal Awards**

**Instances of Noncompliance:**

No matters were reported.

**Significant Deficiencies:**

CFDA Number 11.307: Economic Adjustment Assistance

CFDA Number 17.258: WIA Adult

CFDA Number 17.260: WIA Dislocated Workers

III-A-08 Segregation of Duties Over Federal Revenues - The Commission did not properly segregate custody, record-keeping, and reconciling functions for revenues, including those related to its federal programs. See item II-A-08.

**Part IV: Other Findings Related to Required Statutory Reporting**

IV-A-08 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-B-08 Travel Expense - No expenditures of Commission money for travel expenses of spouses of Commission officials or employees were noted.

IV-C-08 Business Transactions - No business transactions between the Commission and Commission officials or employees were noted.

IV-D-08 Bond Coverage - Surety bond coverage of Commission officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2008

**Part IV: Other Findings Related to Required Statutory Reporting** - Continued

IV-E-08 Board Minutes - No transactions requiring Board approval were noted which had not been approved.

IV-F-08 Deposits and investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa were noted.